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UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

RACING OPTICS, INC., a Nevada corporation, Plaintiffs, vs. AEVOE CORP, d/b/a MOSHI, a California corporation, Defendant.	**Case No. 15-cv-01774- RCJ-VCF** **DEFENDANT AEVOE CORP.'S OPPOSITION TO PLAINTIFF RACING OPTICS, INC.'S MOTION TO COMPEL COMPLIANCE WITH APRIL 20, 2016 ORDER AND MOTION FOR SANCTIONS UNDER RULE 37** (JURY TRIAL DEMANDED)

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Racing Optics improperly and prematurely seeks sanctions based on Aevoe's recent Interrogatory responses, even though those responses were not at issue when the Court entered its April 20, 2016 Order. Additionally, Racing Optics' motion misrepresents the facts, the record, and the Court's own Order in a blatant attempt to obtain discovery that it did not request, and to which it is not entitled.[1] Aevoe has fully complied with the Court's April 20, 2016 Order, contrary to Racing Optics's bald accusations and unfounded speculation to the contrary. Aevoe did not withhold information that it was ordered to provide, and did not make any false representations to the Court about Racing Optics's so-called "charting issue." The Court should deny Racing Optics's Motion and grant Aevoe its attorneys' fees.

I. STATEMENT OF FACTS

A. Procedural History

Approximately six months after the Patent and Trademark Office issued the first of the patents at issue on March 10, 2015, Plaintiff filed this lawsuit alleging that certain Aevoe products infringed that patent, as well as two other, later-issued patents. ECF Nos. 1 (Sept. 15, 2015 Complaint); 1-1, 1-2, 1-3 (Complaint Exs. A, B, C, the patents at issue). The Complaint sought damages for patent infringement under 35 U.S.C. § 284, but did not seek provisional damages under Section 154.[2]

Racing Optics served interrogatories and document requests to Aevoe on November 9, 2015. It served its Infringement Contentions pursuant to Local Patent Rule 1-6 two weeks later, on November 23. As part of its Infringement Contentions, Racing Optics was required to provide claim charts "identifying specifically where each limitation of each asserted claim is found **within each**

[1] In addition to its substantive defects, in what appears to be an attempt to circumvent the 24-page limit set by LR 7-3(b), Racing Optics's motion violates LR 26-7(b), which requires that a motion "must set forth in full the text of the discovery originally sought and any response to it." Instead, Racing Optics's motion repeatedly, and inaccurately, paraphrases its discovery requests and Aevoe's responses.

[2] 35 U.S.C. § 154(d)(2) provides that the owner of a patent may, under certain conditions, obtain limited provisional damages from the period before the patent issues, based upon the published patent application—if, and *only* if "the invention as claimed in the patent is substantially identical to the invention as claimed in the published patent application" and the alleged infringer had actual notice of the patent application before issuance. Racing Optics has failed to seek or even plead provisional damages, and in any event, conditional damages are not supported here.

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Accused Instrumentality." Local Patent Rule 1-6[3] (emphasis added). However, Racing Optics provided the required charts for only four of the allegedly infringing Aevoe products.

Aevoe timely served written responses and objections to Racing Optics's discovery requests on December 10, 2015. Among other things, Aevoe objected that Racing Optics had far exceeded the number of interrogatories permitted under the Federal Rules, and therefore expressly stated that it was not responding to Plaintiff's Interrogatories Nos. 4 through 9 (as properly counted, Nos. 26 through 97). *See* ECF No. 71 at 5:21-22 ("Racing Optics' Interrogatories No. 1 through No. 3 constitute twenty five separate interrogatories"). In addition to its numerosity objection, Aevoe objected that one sub-part of Plaintiff's Interrogatory No. 4, seeking a description of the "structure" of Aevoe's accused products, was improper: since Racing Optics had failed to provide required claim charts for the vast majority of Aevoe's products, its Interrogatory No. 4 was clearly an attempt to evade the Local Rules' requirements and obtain information about products that—since they lacked the required claim chart—were not properly at issue. As discussed in more detail below, Aevoe also objected to providing certain information that was irrelevant because it concerned Aevoe products that were not at issue, including non-touch-screen products.

On February 2, 2016, Racing Optics moved to compel Aevoe to respond to Interrogatories 4-9[4] and various requests for production of documents. ECF Nos. 45 (Mot. to Compel), 49-50 (Opposition), 55 (Reply). Among other things, Racing Optics alleged that Aevoe had withheld discovery on the basis that Racing Optics had failed to provide charts for all of the allegedly infringing products. At the April 13, 2016 hearing on Racing Optics's motion to compel, Aevoe's attorney explained that this so-called "charting issue" applied *only* to Interrogatory No. 4 (which Aevoe had not been required to answer because Racing Optics served too many interrogatories), and also stated truthfully that it had not withheld discovery based on the charting issue, *because* it had not even responded to Interrogatory No. 4. Apr. 13, 2016 Hearing Tr. ("Hearing Tr.") at 23:20-24:19; *id.* at 26:5-6. [5]

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[3] This rule, LPR 1-6, was formerly LR 16.1-6.

[4] Properly counted, Interrogatory Nos. 26 – 97.

[5] The truncated excerpt that Racing Optics curated for its motion amply demonstrates that the Court was well aware of this, *see* Mot. at 2. Indeed, just a few moments later in the hearing—in a portion of the transcript that Racing Optics purposely excluded—the Court expressly stated, *and Racing Optics conceded*, that no issue concerning Aevoe's response to Interrogatory 4 was before the Court.

Because the charting issue was not ripe, the Court expressly declined to decide it, instead leaving it up to Racing Optics whether it would provide the required charts, and leaving it up to Aevoe how it would respond to Interrogatory No. 4, should any response be required.

> THE COURT: Well, you know what, **I'm not going to order anything one way or another.** If -- I mean, you're on notice that, you know, they may craft some kind of argument because you didn't duplicate something 64 times. So if you want to take the time and expend the digital power, firepower to do it, you can do it. If you don't want to do it, you don't have to do it. **I don't think it's an issue for the discovery.** All right? Okay.

Id. at 28:3-11 (emphases added). The Court subsequently upheld Aevoe's objections to Racing Optics's interrogatories, finding that Racing Optics had far exceeded the interrogatory limit (putative Interrogatories 1 – 3 only were properly counted as 25 separate interrogatories). ECF No. 71. It was not until April 20, 2016, that Racing Optics was even "permit[ted] … to ask Interrogatories No. 4 through No. 9" in excess of the 25-interrogatory limit. ECF No. 71 at 5:25-6:1.

The Court issued its Order on April 20, 2016. ECF No. 71. The Court agreed with Aevoe that "Racing Optics' Interrogatories No. 1 through No. 3 constitute twenty five separate interrogatories… [and that] Racing Optics [had] already asked the maximum number of interrogatories permitted by Rule 33," and forbade Racing Optics from serving any new interrogatories without leave of the Court. ECF No. 71 at 5:21-23. Notwithstanding this finding, the Court permitted Racing Optics to ask its other interrogatories from the original set. ECF No. 71 at 5:24-6:1 ("The court is convinced that Interrogatories 4 through 9 seek relevant information and will permit Racing Optics to ask Interrogatories 4 through 9"). Aevoe was to "provide Racing Optics with supplemental responses to Interrogatories No. 4 through No. 9," by April 29, 2016. ECF No. 71 at 11:8-9.

Contrary to what Racing Optics urges, the Court did not consider and overrule Aevoe's objections to the interrogatories—an impossibility, since Aevoe had not yet been require to respond to the interrogatories as of the date of the Order. Indeed, the interrogatories had not even been properly *served* before April 20, 2016, since it was the Court's Order that permitted Plaintiff to ask

Hearing Tr. at 24:17-19 ("THE COURT: … But it sounds to me, like you said, we don't have any discovery dispute here. Right? MR. MOORE: It sounds like that's the case.").

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those interrogatories in the first place despite its having blown past the interrogatory limit. With respect to Interrogatories Nos. 4 to 9, the Court only addressed the 25-interrogatory limit, holding that Aevoe would still be required to provide responses notwithstanding the limit. Contrary to Racing Optics's suggestion, the Court did not categorically hold that all of the information sought by each of Racing Optics's interrogatories, including each sub-part, was relevant information.[6]

Pursuant to the Court's Order, Aevoe responded to Racing Optics's Interrogatories Nos. 4 through 9 and produced additional documents as ordered on April 29, 2016.

B. Racing Optics's potential damages run from May 10, 2015 at the earliest

Even if Racing Optics prevails, it can only recover its damages incurred after March 10, 2015. March 10th is the earliest issuance date for any patent in suit. As a matter of law, Racing Optics cannot recover infringement damages for any earlier time. This is because, as a matter of statutory definition, there can be *no infringement* before a patent issues. The Patent Act defines "infringement" as the performance of certain acts "during the term of the patent." *Id.* § 271(a).[7] And patent damages are available in an amount "adequate to compensate for the infringement." 35 U.S.C. § 284 (emphasis added).[8] The earliest of Racing Optics's patents was granted on March 10, 2015. Before that, there was nothing to infringe—and thus no damages are available. Moreover, it is black letter law (and common sense as well) that "a reasonable royalty determination for purposes of making a [patent] damages evaluation *must relate to the time infringement occurred*." *Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 435 F.3d 1356, 1361 (Fed. Cir. 2006) (citing cases; emphasis added); *Hanson v. Alpine Valley Ski Area, Inc.*, 718 F.2d 1075, 1079 (Fed. Cir. 1983) ("The key element in setting a reasonable royalty ... is the necessity for return to the date when the infringement began," citing *Panduit Corp. v. Stahlin Bros. Fibre Works*, 575 F.2d 1152, 1158 (6th Cir.1978)); *and*

[6] Racing Optics even appears to embrace the astonishing proposition that the Court's Order prevents Aevoe from interposing *any* objections at all to Plaintiff's interrogatories. *See* Mot. at 8:8-9 ("Aevoe's response to this interrogatory [no. 5] is further qualified, despite the Order providing no such qualification, by its objection…").

[7] The Patent Act further provides that damages are available only after the defendant has notice of the patent alleged. Here, because Racing Optics failed to mark (or even sell) any covered products with a patent notice, Aevoe lacked the required notice of its alleged infringement until Racing Optics filed this lawsuit on September 15, 2015.

[8] *See also* Compl. at 19 (seeking damages "to compensate [Racing Optics] for Aevoe's [alleged] infringement" of four of Racing Optics' patents).

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see, e.g., *Joy Technologies, Inc. v. Flakt, Inc.*, 954 F. Supp. 796, 806 (D. Del. 1996) ("A reasonable royalty must be calculated using the market conditions on the date infringement began").

Although so-called "provisional damages" may be available for pre-issuance damages under certain narrow statutory conditions, they are not available to Racing Optics. **First**, Racing Optics does not seek provisional damages in this case. Racing Optics has repeatedly failed to plead or seek provisional damages despite multiple opportunities to do so. *See* Complaint at 15-16 (prayer for relief, seeking damages "under 35 U.S.C. § 284"—*not* under Section 154); FAC at 19-20 (same). In its original Motion to Compel, it briefly alluded to provisional damages as a theory for seeking open-ended discovery, but when challenged, Racing Optics failed to present actual fact in support. Indeed, when Aevoe previously raised this very issue in its previous Opposition (ECF No. 49 at 6), Racing Optics responded by merely dropping a footnote stating, without any basis or factual support, that it was entitled to seek provisional damages despite not having pleaded it (ECF No. 55 at 4 n.3).[9] Notably, the FAC was filed on April 29, 2016, more than two months after Aevoe first expressly raised the issue, yet still failed to plead or seek provisional damages. **Second**, Racing Optics has repeatedly failed to establish—because it cannot—that it meets the factual prerequisites for provisional damages. Racing Optics would not be entitled to provisional damages even if pleaded—which they were not—since Racing Optics has repeatedly dodged the simple truth that it does not meet the factual predicate that "the invention as claimed in the patent is *substantially identical to the invention* as claimed in the published patent application" *and* that the defendant had actual notice of the published application before the patent issued. 35 U.S.C. § 154(d)(1)(B) ("actual notice"), (2) ("substantially identical"); *and see, e.g.*, *Baseball Quick, LLC v. MLB Advanced Media L.P.*, Case No. 11-CV-1735 KBF, 2014 WL 3728623, at *11 (S.D.N.Y. July 25, 2014) (same). "It is

[9] In a brief footnote to the reply brief in its initial Motion to Compel, Racing Optics claimed to be "entitled to discovery on the issue of provisional damages," despite never having pleaded such damages or the underlying facts that would support such a claim. ECF No. 55 at 4 n. 3. The single unpublished, out-of-circuit authority that Racing Optics cited for that proposition is inapposite for multiple reasons. *See Arendi Holding Ltd. v. Microsoft Corp.*, Civ. No. 09-119, 2010 WL 1050177 [mistakenly cited as "2010 WL 105177" by Plaintiff] (D. Del. Mar. 22, 2010). Among other things, in *Arendi*, the court had expressly ordered discovery concerning provisional damages, and only *after* the parties had fully briefed and argued the issue under the old Federal Rules. Moreover, *Arendi* was decided at a time when the Federal Rules permitted generalized "form" pleading in cases of patent infringement. *See former* Fed. R. Civ. P. 84 (abrogated Dec. 1, 2015); *Id.* Appx. of Forms (same). Under the December 1, 2015 amendments to the Rules, a complaint that merely purports to state a claim for patent infringement without providing sufficient factual support is no longer adequate.

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Plaintiffs' burden, as the party seeking damages, to prove the claims are substantially identical." *Loops, LLC v. Phoenix Trading, Inc.*, Case No. C08-1064 RSM, 2010 WL 3041866, at *5 (W.D. Wash. July 30, 2010); Baseball Quick, 20214 WL 3728623, at *17 (same).

Unless and until Plaintiff actually pleads provisional *damages* and establishes a factual basis for them, such damages are not at issue in this case, and any discovery Plaintiff seeks concerning hypothetical and un-sought pre-infringement damages is both irrelevant and improper. Racing Optics, as the master of its own pleadings, has repeatedly chosen not to seek, or even allege the basic requirements of eligibility for, provisional damages. But a tactical choice not to bring a claim does not entitle a party to embark on a fishing expedition for financial information that is manifestly irrelevant to any *existing* claim.

C. Racing Optics continues its misleading attempts to mischaracterize Aevoe's proper relevance objections as a "date cutoff"

Racing Optics attempts to revive a long-settled, utterly irrelevant issue concerning Aevoe's *relevance* objections, in an attempt to convince the Court that Aevoe is improperly withholding documents. Aevoe is doing no such thing. The Court has expressly held that Racing Optics's discovery requests are overbroad in seeking information about more than the 65 products it identified in its Infringement Contentions. ECF No. 71 at 6 ("documents related to the non-Accused Products are irrelevant to any claim or defense in this lawsuit"). Nevertheless, Racing Optics has declined to limit its discovery requests to the products in suit, and instead continues to press for information about *any screen protector product*, including such irrelevant *non-touch-screen* products as Aevoe's i-Visor screen protector for Apple's MacBook Pro laptop. Accordingly, where appropriate, Aevoe has preserved its objection to providing information about such irrelevant products, by limiting its response concerning Racing Optics's overbroad "Accused Products" category to cover only adhesive touch screen protectors or shields with a non-adhesive central portion, and that Aevoe sold on or after March 10, 2015, the earliest date that any patent in suit was issued.

As Racing Optics is well aware, that objection does not exclude *any* of the 65 products that Racing Optics has actually accused in this litigation. ECF No. 86-6 at 3 (May 19, 2016 letter from Aevoe to Racing Optics, stating that "the financial information Aevoe has produced covers iVisor

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products other than the 65 allegedly infringing products"); Declaration of Thomas J. Kearney ("Kearney Decl.") ¶ 10.

D. Racing Optics continues to insist that Aevoe provide information it does not have

"Seeking an order from the Court compelling [a party] to provide information that [the party] state[s] they do not have is not an appropriate use of a discovery motion." *Int'l Longshore & Warehouse Union v. Nelson*, No. 3:11-CV-05767-RBL, 2012 WL 1158657, at *8 (W.D. Wash. Apr. 6, 2012).

Racing Optics continues to demand the Court compel Aevoe to provide information and documents that it knows Aevoe does not have, and now even demands sanctions for Aevoe's purported "failure" to provide non-existent information. For example, Racing Optics insists that Aevoe violated the Court's order when it "failed to provide any narrative description about the structure of its products," despite the fact that—as Racing Optics is well aware—Aevoe *does not have such information*. Racing Optics insists that Aevoe must provide "information about the number of layers [in its products], their thickness, their composition, or … other information about the structure thereof."

"Defendant is not required to create information that it does not have." *Ellison v. Patterson-UTI Drilling Co., LLC*, Case No. CIV.A. V-08-67, 2009 WL 3247193, at *8 (S.D. Tex. Sept. 23, 2009); *CG Roxane LLC v. Fiji Water Co. LLC*, Case No. C07-02258, 2008 WL 2276403, at *4 (N.D. Cal. May 30, 2008) (producing party not required to create information it does not have); *Stevens v. Omega Protein, Inc.*, Case No. Civ. A. 00-3326, 2002 WL 1022507, at *3 (E.D. La. May 16, 2002) (stating the "court cannot compel a party to produce that which he does not possess")); *Goodvine v. Swiekatowski*, Case No. 08-CV-702-BBC, 2009 WL 1732668, at *1 (W.D. Wis. June 18, 2009) ("Although plaintiff is not satisfied with this response, [defendant] cannot provide information he does not have."). To the extent Racing Optics is trying to force Aevoe to disclose information that would be obtained and included in an expert report, that is premature, and improper under the Federal Rules governing discovery. Fact discovery does not close until December 16, and expert disclosures are due, at the earliest, 45 days after that. ECF Nos. 39, 76.

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II. RACING OPTICS'S INTERROGATORIES

Racing Optics's motion for sanctions for Aevoe's supposed failure to respond adequately to Interrogatories Nos. 4 through 9 is improper and premature. Aevoe did not respond to Interrogatories Nos. 4 to 9 earlier because Racing Optics exceeded the interrogatory limit. Contrary to Racing Optics's accusations, the Court never held that Aevoe improperly refused to answer Interrogatories Nos. 4 and 9 or asserted improper objections. Instead, the Court held that Racing Optics exceeded the limit, though it ordered Aevoe to go ahead and respond to the interrogatories nonetheless.

Any issue concerning the substance of Aevoe's supplemental interrogatory responses is entirely separate from Racing Optics's earlier motion to compel or the Court's order. Not until April 20, 2016, a week after the hearing, did the Court "permit Racing Optics to ask Interrogatories No. 4 through No. 9." ECF No. 71 at 5:25-6:2. Aevoe fully complied with the Court's order to "provide Racing Optics with supplemental responses to Interrogatories No. 4 through No. 9" when it served those responses on April 29, 2016. To the extent Racing Optics now purports to take issue with Aevoe's April 29, 2016 substantive responses to these Interrogatories, it must do so in a motion to compel, separately from a motion for sanctions because Aevoe in fact served supplemental responses by its deadline, not in violation of the Court as Racing Optics insinuates.

Additionally, Racing Optics only provided claim charts for the remaining 61 products at issue on April 29, 2016, the very day Aevoe's supplemental interrogatory responses were due. ECF No. 86-3 (Apr. 29, 2016 transmittal letter). Once Racing Optics had provided that information, as required by the Local Patent Rules, Aevoe informed Racing Optics that it would supplement its interrogatory responses accordingly, pursuant to the Federal Rules. ECF No. 86-5 (May 19 letter).

- **Interrogatory 4** ["For each product [at issue], … describe the structure of the product"]

Racing Optics continues to insist that Aevoe produce information that it simply does not have, despite having been repeated told that *Aevoe does not have it*. Apart from the documents Aevoe has properly identified pursuant to Rule 33(d)—which Racing Optics concedes provide certain information about the structure of the products—Aevoe simply does not have the kind of detailed information Racing Optics persists in demanding. Racing Optics also grossly

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mischaracterizes Aevoe's response to this Interrogatory: far from telling Racing Optics to "look at our website," *see* Mot. at 7:17-18, Aevoe has made samples of all of its products available for inspection to the extent that Aevoe has such samples, and has in addition produced hundreds of samples of nearly all of the products at issue, at Racing Optics's request (and Aevoe's own expense), for Racing Optics's destructive testing.

Racing Optics insists that because Aevoe has identified Michael Leonhard as its employee who is *most* knowledgeable about this subject, Mr. Leonhard can therefore be compelled to provide the sort of detailed, technical narrative description that Racing Optics demands.[10] But merely because Mr. Leonhard is the *most* knowledgeable Aevoe employee does not, of course, mean that he can provide information that he does not possess.

Racing Optics attempts to justify this motion by insisting that Aevoe "must verify its inability to provide [a detailed technical description of the structure of its products] under oath." While Racing Optics appears to insinuate that Aevoe's interrogatories responses were not verified, it ignores that Aevoe provided such verification as required by Fed. R. Civ. P. 33(b)(3), (5). *See* ECF No. 86-1 at 49. Moreover, Racing Optics has already noticed the deposition of Aevoe's President Michael Leonhard, whom Aevoe identified as the Aevoe employee or officer most knowledgeable concerning the research, design, and development of Aevoe's products at issue. ECF No. 86-1 at 33 (Aevoe's response to Interrogatory 35). Indeed, since Racing Optics has already noticed Mr. Leonhard's deposition for July 6, 2016, it will have had the opportunity to obtain the information it seeks even before briefing is completed on its redundant and needless motion to compel.

- **Interrogatory 5 ["**For each product [at issue] … IDENTIFY all instances of testing… the products"**]**

Aevoe responded to Racing Optics's demand pursuant to Rule 33(d) by stating that it would produce responsive documents, if any, sufficient to show instances of testing the relevant products during the relevant time period—namely, after March 10, 2016. Since no such documents existed,

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[10] While Racing Optics goes so far as to falsely claim that Aevoe "avowed" Mr. Leonhard's "knowledge" of highly technical information about Aevoe's products, Mot. at 7 n.2, Aevoe did no such thing. Rather, in response to Racing Optics's Interrogatory 35 (Plaintiff's Interrogatory No. 7), Aevoe identified Mr. Leonhard as the Aevoe employee or director "*most* knowledgeable regarding the research, design, and development of Aevoe's products at issue." ECF No. 86-1 at 33 (emphasis added).

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Aevoe did not (and could not) produce them. Racing Optics's repeated claim that Aevoe merely promised to produce them "on some unspecified date," is unfounded. *See* Mot. at 8:1-2 (emphasis in original). Aevoe was well aware that the Court's order required that "Aevoe must serve copies of responsive documents on Racing Optics on or before April 29, 2016." ECF No. 71 at 11:20-21. Aevoe's statement in its supplementary responses that it "will produce documents" meant just that: production in compliance with the Court's order. Racing Optics is well aware what Aevoe's statement meant, for Aevoe told it so. *See* ECF No. 86-7 ("As I told you during our call, when Aevoe stated in its responses that it would produce documents as ordered by the Court, it did so. This should have been clear on the face of the responses in light of the Court's order, and your insistence that it is somehow unclear seems to be an attempt to manufacture an issue where none exists").

During the parties' meet and confer, Racing Optics failed to articulate any theory of relevance for instances of testing of *Aevoe's own products*, other than to show use of those products. Notwithstanding, Aevoe agreed to supplement its response with information about testing of Aevoe's accused products, irrespective of when the testing occurred. Aevoe had already agreed to supplement its response before Plaintiff filed this motion—rendering the Motion, yet again, redundant and unnecessary.

- **Interrogatory 6** [requesting various financial metrics]

Racing Optics demands that Aevoe provide a narrative response to its Interrogatory No. 6, despite the fact that (a) Aevoe does not have that information in the form requested, (b) Aevoe has already produced documents that would permit Racing Optics to determine the information, and (c) the burden on Racing Optics to determine the information is the same as the burden would be on Aevoe. Aevoe has responded fully to Racing Optics's request as expressly permitted under Fed. R. Civ. P. 33(d), by producing documents containing detailed, transaction-by-transaction data showing all invoices, returns, and purchase orders for all of its iVisor touch screen products (not just the 65 Accused Products), going back *more than a year before* the critical March 10, 2015 date (before which no damages are available as a matter of law). Aevoe provided a detailed spreadsheet showing its Cost of Goods Sold (COGS) for the same period. Aevoe also produced copies of Aevoe's audited

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financial statements for 2014 and 2015, showing Aevoe's P&L (Profit and Loss) for each year, and broken down by month. There is no question that the Federal Rules permit such a response. Nor is there any question that the burden of ascertaining the answers from this information would be substantially the same for both parties. As Aevoe has repeatedly informed Racing Optics, in order to calculate the financial metrics Racing Optics seeks, Aevoe would need to provide this underlying information to a financial, accounting, or damages expert. Racing Optics can do the same, with the same burden. Indeed, Racing Optics can retain a financial, accounting, or damages expert to assist its lawyers in understanding and reviewing such documents (and it is Aevoe's understanding that Racing Optics has retained such an expert consultant).[11]

Racing Optics's allegations about the parties' meet-and-confer efforts badly misstates the facts. For example, Racing Optics alleges that two Aevoe employees "by the admission of Aevoe's own counsel" are "capable of providing the requested information." Not so. Rather, Aevoe simply suggested that if Plaintiff had particular questions about the content of the documents, it could take the depositions of the Aevoe employees who were knowledgeable about those documents. Kearney Decl. ¶¶ 2-3. Aevoe further explained that Racing Optics could obtain the same information, with the identical burden, by providing the data to an accountant or outside expert—just as Aevoe would have to do in order "to derive[e] or ascertain[] the answer" to this interrogatory. *Id.*; *see* Fed. R. Civ. P. 33(d). Aevoe's attorney also offered to provide additional information about the *content* or formatting of the documents it had provided, if Racing Optics had specific questions. Indeed, Aevoe did provide such information at Racing Optics's request. Kearney Decl. ¶¶ 4-8; *see* ECF No. 86-7 at 1 (providing date ranges for two Aevoe financial documents); 2 ("As we informed you during our call, a number of the documents Aevoe has provided are produced in … the standard CSV (comma separated value) format.")

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[11] Racing Optics's claim that it put "substantial effort" into attempting to derive financial information "by examining the documents," *see* ECF No. 85 at 9:7-9, is belied by its attorneys' questions during the meet and confer, at which Racing Optics's attorney stated his belief that Aevoe's spreadsheet data, which it had provided in standard comma-separated-value (or CSV) format, was only a text file, *and* conceded that he was unaware of what dates were covered by certain of Aevoe's documents. Kearney Decl. ¶ 6. Aevoe informed Racing Optics's that the CSV documents were in a standard format that could be opened with a standard spreadsheet program, and also provided the additional date information that Racing Optic requested. *Id.* ¶ 7-8; ECF No. 86-7 at 1, 2.

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- **Interrogatory 7** [identification of "individuals most knowledgeable" concerning various topics]

As discussed above, Aevoe has properly objected to providing certain information that is irrelevant because, as a matter of law, no infringement could have occurred before March 10, 2015. As Aevoe has repeatedly informed Racing Optics, all of the 65 accused products were sold after the critical date, so the objection does not exclude any of the Accused Products. Since Racing Optics continues to refuse to reasonably limit its discovery requests with respect to time or the products at issue, Aevoe has preserved its objection where appropriate.

With respect to Interrogatory 7, as Aevoe has already informed Racing Optics, none of the 65 products at issue in this case is excluded from Aevoe's response based on Aevoe's objection to the relevance of products *not* at issue. Moreover, Aevoe will supplemented its interrogatory responses (as it said it would before Racing Optics filed this Motion) to clarify the point.

- **Interrogatory 8** [information about the development and prosecution of Aevoe's '942 Patent]

Racing Optics once again seeks information that the Court has already expressly found irrelevant. The Court has already *expressly* held that "[i]nformation about the development and patent prosecution history of Patent '942 is **irrelevant to Aevoe's fraud on the patent office defense.**" ECF No. 71 at 7:7-19 (emphasis added) (holding that "Aevoe will not be required to produce documents responsive to RFP 7 or RFP 8").[12] Yet Racing Optics concedes that "[t]his interrogatory seeks specific information [about the development and reduction to practice of the '942 Patent] **relating to Aevoe's inequitable conduct counterclaim**." Mot. at 10:20-21. Aevoe's "inequitable conduct" counterclaims and its "fraud on the patent office" counterclaims are one and the same.[13] Racing Optics concedes that Aevoe responded to the Interrogatory to the extent it seeks relevant information. Mot. at 10. The Court has already held that the additional information Racing

[12] The portion of Interrogatory No. 7 that Aevoe objects to is precisely parallel to Racing Optics's RFPs Nos. 7 (requesting documents "referencing the conception and reduction to practice of [Aevoe's '942 Patent]") and No. 8 (requesting documents "relating to the prosecution of [Aevoe's '942 Patent]"). The Court sustained Aevoe's relevance objections to these requests. ECF No. 71 at 7.

[13] *See* ECF No. 81 at 40, 41 (Aevoe's First Amended Answer & Counterclaims, stating counterclaims "for Declaration of Unenforceability … Due to Inequitable Conduct / Fraud on the Patent Office").

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Optics seeks is "irrelevant." Again, Racing Optics's Motion is simply needless make-work. The Court should deny this request.

III. RACING OPTICS'S REQUESTS FOR PRODUCTION (RFPs)

- **RFP 1** [Documents Aevoe used to answer Racing Optics' interrogatories]

Racing Optics attempts to manufacture an issue where none exists, claiming that Aevoe merely promised to produce documents "by some unspecified date," and speculating that Aevoe might not have produced "any responsive documents." *See* Mot. at 8:1-2 (emphasis in original). That is nonsense, and Racing Optics knows it is nonsense. Aevoe was well aware that the Court's order required that "Aevoe must serve copies of responsive documents on Racing Optics on or before April 29, 2016." ECF No. 71 at 11:20-21. Aevoe's statement in its supplementary responses that it "will produce documents" meant just what it said: that it was producing documents in compliance with the Court's order. Racing Optics is well aware of this, for Aevoe told it so, well before Racing Optics filed this motion. *See* ECF No. 86-7 ("As I told you during our call, when Aevoe stated in its [supplemental] responses that it would produce documents as ordered by the Court, it did so. This should have been clear on the face of the responses in light of the Court's order, and your insistence that it is somehow unclear seems to be an attempt to manufacture an issue where none exists.")

This is a non-issue—Aevoe has fully complied with the Court's order—that was not even raised during the parties' meet and confer. Racing Optics's motion is without merit.

- **RFP 5** ["Documents that describe the development, manufacture, marketing, sale, and licensing of the Accused Products"]

Racing Optics once again demands documents that—once again—Aevoe does not have, such as documents concerning the design, research, development, or manufacture of Aevoe's products at issue. RFP 5 also seeks documents concerning product marketing and sales—which Aevoe has already provided in response to RFP Nos. 12 (sales) and 21 ("advertising, marketing, promotion, sale or distribution"). Finally, as Aevoe informed Racing Optics, Aevoe does not license its iVisor screen protector products. Nevertheless, Racing Optics speculates, without any basis, that Aevoe "is withholding responsive materials." Mot. at 11. Not so. Aevoe responded to RFP 5 pursuant to the Court's order and provided relevant documents. And after the parties met and conferred, Aevoe

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agreed to produce additional documents, including documents that were outside the scope of potential infringement and thus irrelevant. At Racing Optics' request, Aevoe agreed that it would provide product manuals, marketing materials, and advertisements in its possession, custody, or control, without limiting its collection to representative marketing materials, even though Aevoe's marketing materials are highly similar to each other, and contain substantially the same information. As to Racing Optics's repeated claim that Aevoe merely promised to produce documents "on some unspecified date," that is nonsense. *See* Mot. at 8:1-2 (emphasis in original). As explained above, when Aevoe stated in its responses that it would produce documents as ordered by the Court, it did so. Racing Optics's continued insistence that it is somehow unclear despite Aevoe's clarification seems to be an attempt to manufacture an issue where none exists.

Racing Optics concedes that Aevoe *did* supplement its production, but nonetheless speculates that additional documents may exist. To the best of Aevoe's knowledge after a reasonably diligent search, none do. If Aevoe had located additional responsive documents, it would have produced them.

Racing Optics attempts to create an issue where none exists by claiming that Aevoe's detailed financial documents are non-responsive to the Court's order to produce documents "that describe the … sale" of the accused products. First of all, the documents Aevoe has provided describe the sale of Aevoe's products at a high level of detail, including transaction-level details about sales going back more than a year before any infringement was, as a matter of law, even possible. The documents also provide other detailed information about Aevoe's sales, including information about Aevoe's Cost of Goods Sold, profit, and distributors and customers. Second, contrary to Racing Optics's contention, the spreadsheets and other documents that Aevoe produced are indeed "documents" under both the Federal Rules and Racing Optics's own definition. Third, because these documents are electronically stored information, Aevoe has provided them in a "reasonably useable form" pursuant to Rule 34. Finally, also pursuant to Rule 34, Aevoe is not required to produce electronically stored information in more than one form. Notably, the Court largely upheld Aevoe's overbreadth objections to this request, except to the extent certain categories of documents were "relevant to Racing Optics' damages claims." ECF No. 71 at 6. In light of

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Aevoe's fulsome production of documents containing relevant sales data, it is unclear both what other documents Racing Optics seeks, and what possible relevance such additional and cumulative documents might have to Racing Optics's damages in this case.

- **RFP 12** [documents "sufficient to show" various financial metrics]

Racing Optics blatantly attempts to rewrite its request for "sufficient" documents—to which Aevoe has amply produced documents—into an order for Aevoe to produce "all" documents. There is no basis whatsoever for this request. Despite not having raised any issue concerning Aevoe's financial reports and documents during the parties' initial meet and confer, *see* ECF No. 49 at 19 n. 11, Racing Optics in its first motion to compel claimed both that the information Aevoe had provided was "unintelligible," ECF No. 45 at 19 n. 5, and that Aevoe had yet to provide the requested information. Racing Optics also challenged Aevoe's objection and statement that it would provide information only from after September 15, 2015 (the date Aevoe first received notice of the alleged infringement by service of Plaintiff's complaint).

The Court's April 20, 2016 Order required that Aevoe "produce responsive documents" by April 29, 2016. Aevoe did so, producing detailed financial documents that are more than sufficient to show the requested information. Indeed, as discussed above, Aevoe has provided detailed financial information going back more than a year before March 10, 2015, which is the earliest date at which infringement was even possible and the earliest date for which Racing Optics is entitled to damages should it prevail. These documents include:

- Transaction-by-transaction data covering *every* sale of *all* of Aevoe's touch-screen iVisor products (not just the products at issue), going back to February, 2014—more than a year before the critical date of March 10, 2015.
- Aevoe's comprehensive P&L (profit and loss) statements for all of 2014 and 2015—again, more than a year before the critical date of March 10, 2015.
- A comprehensive list of *all* of Aevoe's active distributors and customers going back to the beginning of 2014.

Since Aevoe maintains such documents in electronic form, Aevoe produced them pursuant to Rule 34(b) "in a form or forms in which it is ordinarily maintained or in a reasonably usable form or

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forms." FRCP 34(b)(2)(E)(ii). Mindful of the Court's Order, Aevoe provided a fulsome production that included even more information than the Order or the request called for. Aevoe produced detailed financial data going back to February, 2014, more than a year before the earliest possible date of infringement of any patent at issue. These electronic documents show, transaction-by-transaction, every sale and purchase order for all of Aevoe's iVisor touch screen protector products (not limited to the 65 products at issue), going back more than a year before the critical date. Aevoe also provided comprehensive, product-by-product information in its possession, custody, or control concerning Aevoe's cost of goods for its products, again going back more than a year before infringement was even possible as a matter of law. And Aevoe provided copies of its audited P&L (profit and loss) statements for 2014 *and* 2015. Racing Optics thus has all the relevant financial information it requested, and indeed more than it needs to calculate its damages.[14] As discussed above, Racing Optics cannot recover lost profits—there are none—and any reasonable royalty must be calculated as of the date of the alleged infringement.

- **RFP 16** [documents "identifying all… customers or distributors of [the products at issue"]

Because Aevoe maintains its customer lists in electronic form, it has produced that information in a reasonably useable form pursuant to Fed. R. Civ. P. 34(d). The document constitutes Aevoe's current master list of distributors and customers, and contains information going back more a year before the critical date of March 10, 2016. It is not clear what additional material Racing Optics seeks or believes it requires to identify Aevoe's customers and distributors.

- **RFP 21** [**"**advertising, marketing, promotion, sale or distribution"]

Racing Optics speculates that Aevoe violated the Court's April 20 Order because it "refused" to produce additional documents. Not so. Racing Optics ignores that Aevoe had already previously produced hundreds of pages of advertising, marketing, and promotional materials before Racing Optics filed its initial motion to compel. Racing Optics is well aware of this, because Aevoe told it so. *See* ECF No. 86-6 at 7-8 (Aevoe's March 19, 2016 letter to Racing Optics' counsel, identifying hundreds of pages of responsive documents that Aevoe had previously provided). Aevoe had also

[14] Racing Optics continues to demand that Aevoe produce documents such as "sales forecasts, [and] bills of materials," disregarding that Aevoe has already *repeatedly* told Racing Optics that it *does not have* responsive documents of the type Racing Optics seeks. *See, e.g.*, ECF No. 86-2 at 21 (Aevoe's first supplemental response to RFP No. 21, concerning sales forecasts and bills of materials).

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provided a spreadsheet showing its distributors and customers. Aevoe produced additional responsive documents pursuant to the Court's April 20, 2016 Order, and in particular produced additional materials concerning Aevoe's sales. In addition, after the parties met and conferred, Aevoe agreed to produce—and did produce—additional advertising, marketing, and promotional materials, including documents that Aevoe believed were outside the scope of potential infringement and thus irrelevant. Aevoe also agreed that it would produce documents in its possession, custody, or control, without limiting its collection to just "representative" materials, even though Aevoe's marketing materials are highly similar to each other, and contain substantially the same information.

Racing Optics's attempt in its Motion to rewrite its document request to seek sales or marketing materials that were never provided to third parties is unavailing: as numerous courts have recognized, "[s]ales and marketing materials, by definition, are designed for general distribution to the public." *Lyon v. Bankers Life & Cas. Co.*, Case No. CIV. 09-5070-JLV, 2011 WL 124629, at *17 (D.S.D. Jan. 14, 2011) (citation omitted); *In re Brownsville Prop. Corp., Inc.*, Case No. 10-21959-TPA, 2013 WL 4010308, at *13 (Bankr. W.D. Pa. Aug. 1, 2013) ("marketing materials ..., by definition, are intended to induce potential buyers to take an interest in the [products]"). There is simply no basis for Racing Optics's contention that Aevoe "refused" to produce responsive documents. Aevoe has done so in full compliance with the Court's order, and has gone above and beyond in an attempt to avoid bringing this issue to the Court. Racing Optics's motion is unwarranted and should be denied.

IV. DISCOVERY SANCTIONS AGAINST AEVOE ARE UNWARRANTED, AND RACING OPTICS SHOULD PAY AEVOE'S REASONABLE ATTORNEYS' FEES FOR OPPOSING THIS BASELESS MOTION

The discovery sanctions Racing Optics seeks are unwarranted. As discussed above, Racing Optics's motion with respect to Aevoe's interrogatory responses is premature (and unwarranted in any event), and there is no basis for Racing Optics's claim that Aevoe "refuses" to provide discovery, and indeed Aevoe has responded in full to each and every request Racing Optics identifies. Accordingly, the Court should order Racing Optics to pay Aevoe's reasonable attorneys' fees for opposing this entirely baseless motion.

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A. There is no basis for discovery sanctions

Aevoe responded to Plaintiff's Interrogatory No. 4 by identifying documents from which Racing Optics can ascertain the information it seeks, to the extent Aevoe possesses such information. The burden on Racing Optics to review the documents is no greater than the burden on Aevoe. Racing Optics's continued insistence that Aevoe must somehow "describe the structure" of the products in detail, using information that—once again—Aevoe does not have, is bizarre. Notwithstanding Racing Optics's attempt to put words in the Court's mouth, Aevoe cannot, of course, describe what it does not know.

Similarly, Aevoe has not "refuse[d] to explain" the financial information it has provided. Aevoe produced and identified documents pursuant to Rule 33(d) from which Racing Optics can ascertain the information it seeks. The burden on Racing Optics to do so is no greater than the burden on Aevoe. Again, there is no basis for Racing Optics's insistence that Aevoe must provide information that it does not have, perform burdensome calculations that Racing Optics can equally well perform, or retain an accountant or damages expert to do Plaintiff's work for it.

Finally, the Court has already determined that the information Racing Optics seeks concerning Aevoe's dates of invention have no bearing on Aevoe's defense and counterclaim concerning *Racing Optics's* inequitable conduct. This issue has already been fully litigated and argued, and Racing Optics lost.

As discussed above, Aevoe has fully responded to the Court's April 20 Order. Racing Optics's motion, including its request for sanctions, is without merit. In any event, the discovery sanctions Racing Optics seeks lack any basis, are overbroad. The Court should deny the motion.

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B. Racing Optics should pay Aevoe's fees

As discussed above, Racing Optics' motion for sanctions is premature, and seeks documents and information that Aevoe has already provided, that the Court has already held is irrelevant, or that Racing Optics knows Aevoe does not possess. Its attempt to re-litigate settled issues merits sanctions, for it is not substantially justified. The Court should grant Aevoe its reasonable attorneys' fees for being required to respond to Plaintiff's Motion.

RESPECTFULLY SUBMITTED this 27th day of June, 2016.

McDONALD CARANO WILSON LLP

By: */s/ Josephine Binetti McPeak*

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I am an employee of McDonald Carano Wilson LLP, and that on the 27th day of June, 2016, a true and correct copy of the foregoing **DEFENDANT AEVOE CORP.'S OPPOSITION TO PLAINTIFF RACING OPTICS, INC.'S MOTION TO COMPEL COMPLIANCE WITH APRIL 20, 2016 ORDER AND MOTION FOR SANCTIONS UNDER RULE 37** was electronically filed with the Clerk of the Court by using CM/ECF service which will provide copies to all counsel of record registered to receive CM/ECF notification.

/s/ *Michelle Wade*
An employee of McDonald Carano Wilson LLP